



**Director of
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IRAN-IRAQ: Battle Continues Near Al Basrah

Iran renewed its attack in the marsh east of Al Uzayr and Al Qurnah yesterday, and both sides stepped up airstrikes against each other's cities.

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The Iraqis are finding it difficult to drive the Iranians out of the marsh, [redacted] Although Iraqi forces are confident they will be successful, they want to defeat the Iranians at Al Basrah quickly because they expect a major attack near Mandali within two days.

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[redacted] the Iranians are 15 to 20 kilometers inside Iraq northeast of Al Basrah, but they have not been able to take the highway between Al Basrah and Al Amarah.

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Both sides continue to mount air raids on urban populations. On Saturday alone, the Iranians claimed they conducted airstrikes on eight cities.

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Meanwhile, the US destroyer Lawrence yesterday fired warning shots at an Iranian frigate, a P-3 reconnaissance aircraft, and a dhow in the Strait of Hormuz when they failed to respond to warnings to veer off.

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Comment: The Iraqis probably have sufficient forces at Mandali to counter an Iranian attack, unless it is far stronger than the assaults of recent weeks. Iraq has not yet used its reserve forces and will continue to hold them ready for the main Iranian offensive. The increasing attacks on urban areas heighten the threat of Iraqi attacks on Iranian economic targets in the Persian Gulf.

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The Lawrence sustained no damage. It is unlikely the approaching craft intended to inflict any.

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CHINA-US: Leaders Discuss US Policy

Chinese officials aired their concerns over US foreign policy in frank and sometimes heated exchanges with a former senior US officer last week. [redacted]

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The US Embassy in Beijing reports that party leader Deng Xiaoping tied China's more independent stance in foreign policy to what China views as a shift in US policy after 1980, primarily concerning Taiwan and the Third World. Deng accused the US of reviving the hardline "Dulles" doctrine and of abusing its power.

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Premier Zhao said, however, that China now believes good relations with the US have an "extremely important" strategic significance. He added that he looked forward to stable relations but complained that the US regards China as a junior partner. Zhao expressed frustration that US domestic legal and political considerations took precedence in solving problems with China.

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The Premier expressed support for the US effort to "correct the balance" in military power against the USSR. Zhao nonetheless called for the US to relax tensions with the Soviets in Europe and to conclude a disarmament agreement. Deng indicated that China believes the Soviets under General Secretary Chernenko will be more rigid and less able to make important decisions. [redacted]

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Comment: These comments reflect the ambivalence of Chinese leaders about US policy. Nevertheless, they want to continue the recent trend toward better ties as they prepare for President Reagan's visit in April. [redacted]

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The Chinese regard the US as a strategic counterweight to Soviet military power, but they believe that some US policies alienate opponents of the Soviets, especially in Europe and the Third World. The Chinese also are concerned that what they view as the success of the US in redressing the balance of power with the USSR may cause the US increasingly to discount China's strategic contribution. [redacted]

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In addition, the Chinese are emphasizing their extreme sensitivity to China's status in US-Chinese relations. They continue to express the fundamental importance of the Taiwan issue. [redacted]

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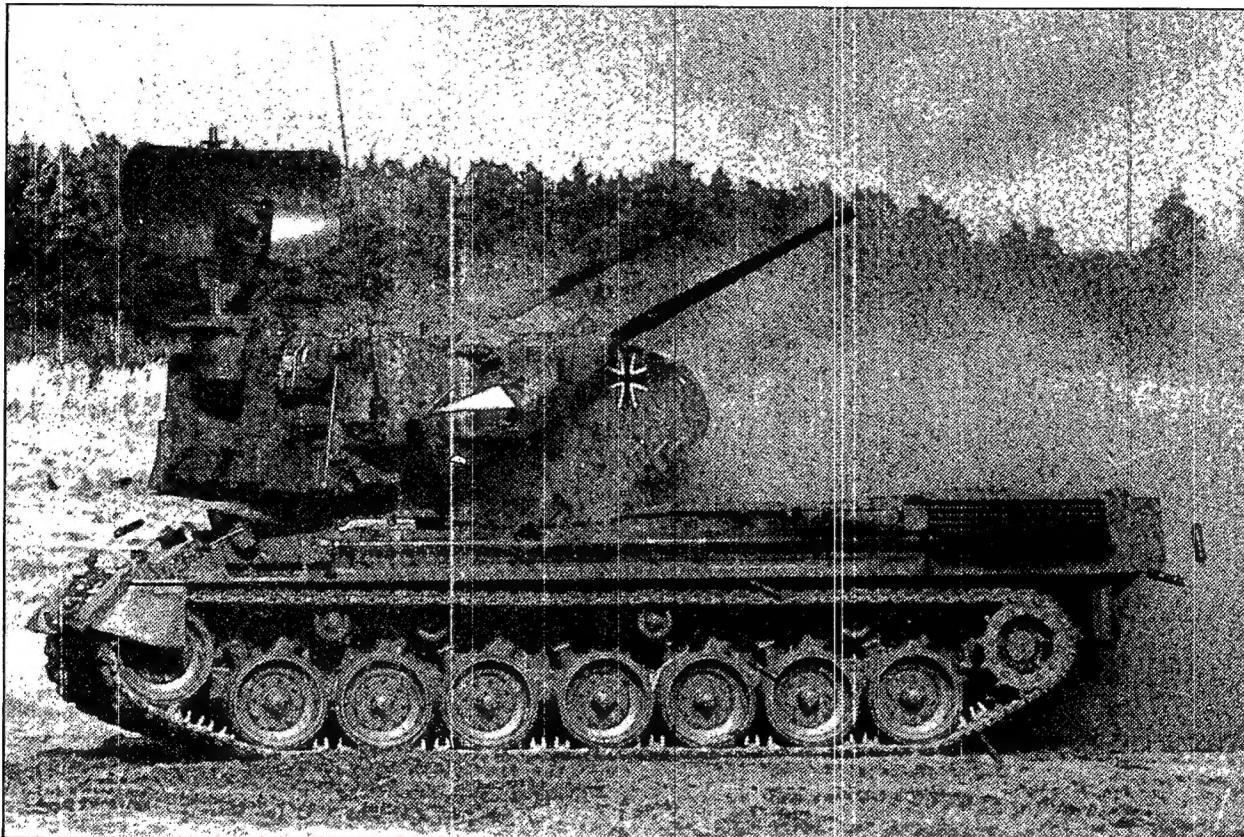
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West German Gepard



Specifications

Crew	3
Combat weight	47,300 kg
Max speed (road)	65 km/h
Gun system	Twin 35-mm cannon

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USSR-WEST GERMANY: Acquisition of Antiaircraft Gun

A West German Gepard self-propelled antiaircraft gun has been identified [redacted] the Soviet artillery test range at Donguz. Canvas-covered equipment with the configuration and measurements of the Gepard was there as early as April 1982. The Gepard has twin 35-mm cannons with a range of up to 4,000 meters and advanced search and target-tracking radars. It was fielded in 1976. [redacted]

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Comment: The Soviets probably have exploited some of the Gepard's features—particularly its advanced radar—for a successor to their aging ZSU-23/4 self-propelled antiaircraft gun. An early version of the new Soviet gun, reportedly with 30-mm cannons, was in developmental testing in 1978. The Soviets may have obtained the Gepard from a company involved in the manufacture of the system in West Germany or possibly from a third country that may have bought it. [redacted]

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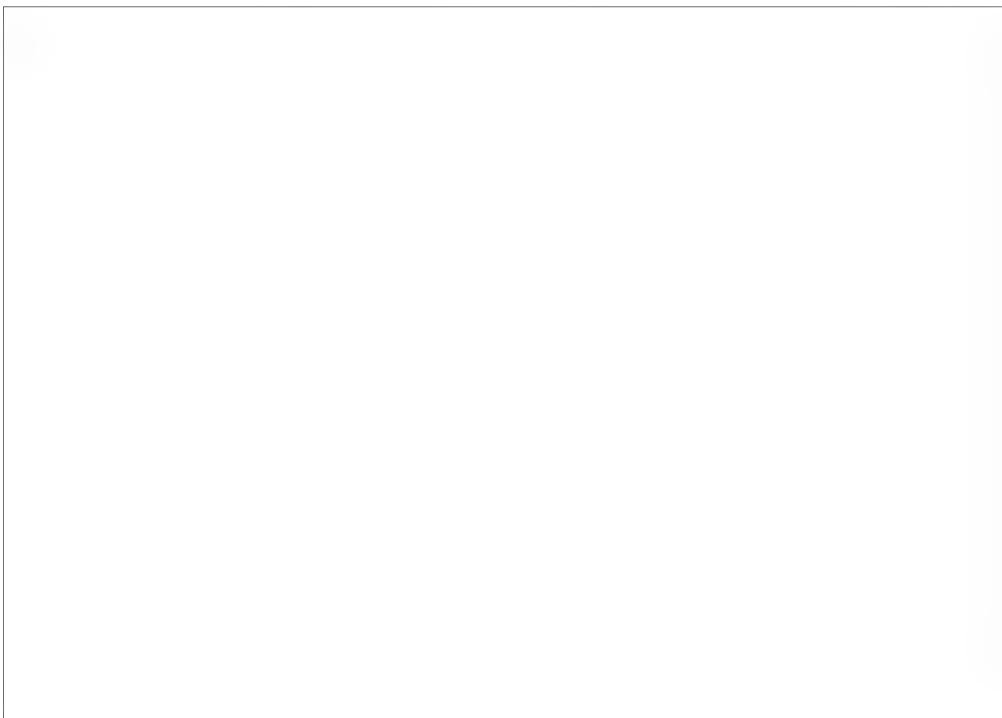
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SOMALIA: Military Concerns

President Siad and his senior advisers are increasingly concerned about declining morale and discipline in the Army

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The problems—highlighted by the recent mutiny of a frontline unit—reportedly stem from inadequate logistic support, severe equipment shortages, and the Army's failure to rotate troops from frontline positions.

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Troop morale is so poor that commanders would be unable to rally their units to engage any formidable Ethiopian force. Siad, in a recent meeting with the US Ambassador, criticized the current level of US economic and military support and requested additional aid.

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Comment: The current military deficiencies are largely attributable to assigning higher priority to obtaining new weapons rather than seeking to improve training, maintenance, and logistics. Siad will intensify his complaints in order to try to obtain heavy weapons from the US. He also may see his recent flirtation with the USSR as a way of prodding the US. Moscow's commitment to Ethiopia and Soviet antipathy toward Siad, however, leave him little room to maneuver

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TAIWAN: Premier's Health Worsens

The ruling Kuomintang is likely to groom another successor to President Chiang following a relapse in the health of Premier Sun Yun-hsuan. The Premier, a leading Kuomintang moderate, underwent surgery yesterday for cerebral hemorrhage. Sun, 70, suffered a heart attack in 1977.

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Comment: Sun's chances for a full recovery are small. Sun has not been viewed as a strong leader, and even if he survives and returns to work, the Kuomintang probably will seek a potential successor with better health and greater political skills to head the post-Chiang collective leadership. Vice-presidential nominee Li Teng-hui, 61 and a popular Taiwanese moderate, probably will gain increased influence, although he is unlikely to become Chiang's heir apparent.

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PANAMA: Opposition Candidate's Conditions

Defense Forces Commander Noriega apparently has failed to reach an accommodation with opposition presidential candidate Arias, who used a recent meeting with Noriega to spell out his attitude toward the military if he is elected.

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[redacted] the 82-year-old former President informed Noriega that he would be allowed to remain as head of the military. Arias indicated he would not seek to remove senior officers on his own, but he said police investigatory functions would have to be returned to civilian control and the law changed to underscore the president's role as commander in chief. Arias also indicated that the lavish lifestyles of some senior military officers would not be tolerated.

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Comment: Arias's apparent dictation of terms to Noriega will only reinforce the military's desire to prevent Arias from becoming president again. Although Noriega ostensibly will move ahead with plans to hold the election in May, he also probably will be looking for ways either to postpone it or rig the results. If Arias were to win, Noriega would be likely to take preemptive measures against him before he took office in October.

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COLOMBIA: Drug Control Efforts

The director of the Colombian National Police recently told US Embassy officials that Bogota plans to investigate the effectiveness of a herbicide spray campaign against marijuana and coca plants. The Embassy believes the effort could start as early as late March. Small-scale tests in preparation for actual spraying took place last week in an isolated area outside Bogota. In 1983 Colombia produced an estimated 13,500 metric tons of marijuana and enough coca to supply 20 percent of the cocaine consumed in the US.

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Comment: Last fall Colombian officials visited Mexico to study a similar eradication program that has been effective against opium poppy, and, to a lesser extent, against marijuana. Bogota's willingness to pursue such a course suggests a marked departure from its earlier ambivalent attitudes toward curbing production of marijuana and coca. Implementation of a test program, however, would be a controversial step for the government. It probably will not be launched until after the midterm departmental and municipal elections next month, in order to avoid creating a major campaign issue.

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Palestinian Presence in Lebanon



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Special Analysis

LEBANON: Palestinians Try for a Comeback

Palestinian forces representing most factions are moving back into Lebanon and taking part in the fighting against the government. The Druze, Shias, and Israelis are trying with some success to constrain the ability of the Palestinians to set up an independent operation in Lebanon. Nevertheless, the Palestinian presence in Beirut and in the Shuf probably will increase, creating frictions with Druze and Shia forces in the area.

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A return to Lebanon is a primary objective of both the Syrian-backed Palestinian rebels and those who remain loyal to PLO chief Arafat. Both groups believe that the chaos in Lebanon eventually will permit them to recreate an independent base of operations there.

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Arafat's supporters are eager to reestablish themselves in a state bordering Israel, while the rebels believe that having an enclave outside Syrian-occupied territory will give them some independence from Damascus. All PLO factions want to regain control of the refugee camps in Beirut, in order to protect Palestinians in them from possible attacks by Christians, Shias, or Druze.

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The Palestinian Presence

There may be up to several thousand Palestinian fighters in the Shuf, the Matn region, and in Beirut. Most of them belong to the pro-Syrian rebel factions, but some are still loyal to Arafat.

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An additional 3,000 to 4,000 Palestinian fighters are still around Tripoli and in the Bekaa Valley. They will continue to try to infiltrate into Beirut and the Shuf.

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Those loyal to Arafat will have the most difficulty because they cannot move freely through Syrian-controlled territory. The loyalists may be able to augment their numbers, however, by recruiting from the largely pro-Arafat Palestinian refugee population in the region. At least 50,000 civilian Palestinians evidently reside in Beirut itself.

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Palestinian fighters began returning to the Beirut area and to the Shuf during the fighting last September, joining several hundred who remained in Beirut after the evacuation of 1982. Other Palestinian positions extend from Ad Damur to Al Muruj in the northern Matn. Organized PLO forces so far have not been detected south of the Ad Damur area.

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A large number of the Palestinian forces belong to the Democratic Front for the Liberation of Palestine and the Popular Front for the Liberation of Palestine—the two PLO organizations that remained essentially neutral during the conflict last year.

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The pro-Syrian groups apparently lack a unified leadership and are prone to squabbling. They have fought alongside both the Shias and the Druze in the Shuf. On the other hand, Arafat's backers who have returned to the Beirut area have stayed out of the fighting and are trying to rebuild their organizational structure in West Beirut.

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Restraints on the Palestinians

There is little chance the Palestinians will regain the degree of independence they enjoyed during the 1970s. The Druze, the Shias, and the Israelis all have an interest in preventing a Palestinian resurgence in Lebanon, and they will constrain the Palestinians' numbers and activities.

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The Druze and the Shias accept Palestinian assistance in the fighting, but they insist on keeping the upper hand in their area of control. Druze leader Junblatt and Shia leader Barri have issued orders prohibiting further Palestinian infiltration into West Beirut. Their efforts have prevented large units from moving in, although small groups continue to make their way into the city.

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Israel is determined to block the return of PLO forces south of the Damur River. Tel Aviv has made it clear to the Druze that its willingness to allow them freedom of action depends on their ability to keep the Palestinians out of the southern Shuf.

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Recent airstrikes in the areas of Hammana, Bhamdun, and Ad Damur, where Palestinian forces are located, were intended to drive home the message. The Israelis probably would not move into Beirut to combat the Palestinians, but they will continue the airstrikes and patrols they have been conducting in the Shuf.

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Syria has an interest in allowing some pro-Syrian Palestinians to move into the Beirut area. It wants to prevent pro-Arafat Palestinians from reestablishing a presence there, as well as to keep the Shia and Druze forces from becoming too independent of Syrian control.

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At the same time, Damascus does not want to see the PLO groups establish their own area of control outside Syrian-occupied territory. It will follow its customary practice of playing off the various groups against one another. [redacted]

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Prospects for Conflict

If the contradictory goals of the Shia and the Druze eventually bring them into conflict, the presence of the PLO groups will make the situation even more volatile. The Palestinians may seek to ally themselves with West Beirut's Sunni population, which resents Shia dominance.

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Persian Gulf Desalination Plants and Oil Installations

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Special Analysis**PERSIAN GULF STATES: Air Defense Capabilities**

Iran has announced that, if its oil exports are disrupted, it will retaliate against countries on the Arabian Peninsula that are supporting Iraq. Now that a major Iranian offensive seems imminent, Iraq is more likely to send its aircraft against Iranian oil facilities and shipping at Khark Island. If Iran retaliates with airstrikes against its neighbors on the Persian Gulf, their air defenses would be unable to prevent some strike aircraft from reaching important targets.

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Iran demonstrated an ability to hit targets in the Gulf by attacking Iraqi offshore oil-loading terminals in November 1980 and Kuwaiti oil facilities in October 1981. Although Tehran's air capabilities have diminished since then, Iran still has 85 operational fighter aircraft available for limited strikes across the Gulf.

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Oil facilities and water desalination plants in all the Gulf countries are highly vulnerable and could be crippled by an airstrike if it were well executed. Kuwait's oil export facilities are concentrated and are particularly susceptible to disruption. Saudi officials have indicated they are most concerned about attacks on desalination plants, probably because of the lack of alternative sources of water for domestic use.

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Saudi Arabia and Kuwait

Saudi Arabia has the largest and best-equipped air force of any Gulf state, but it could not react to an Iranian attack quickly enough to fend it off. Even with warning from US AWACS monitoring the Persian Gulf, the Saudis would have no more than 15 minutes to respond to aircraft approaching from Iran.

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The Saudis raised the alert status of some F-15 fighter aircraft at Dhahran on 18 February, according to the US defense attache in Jidda. Nevertheless, few air defense units are available for immediate use. During the day, two F-15 fighter aircraft are on five-minute ground alert, two F-5 fighters are on 15-minute alert, and one I-HAWK surface-to-air missile battery is on 10-minute alert.

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Iranian aircraft probably could stage a surprise attack with minimal losses. Subsequent Iranian airstrikes, however, would be likely to suffer much higher losses.

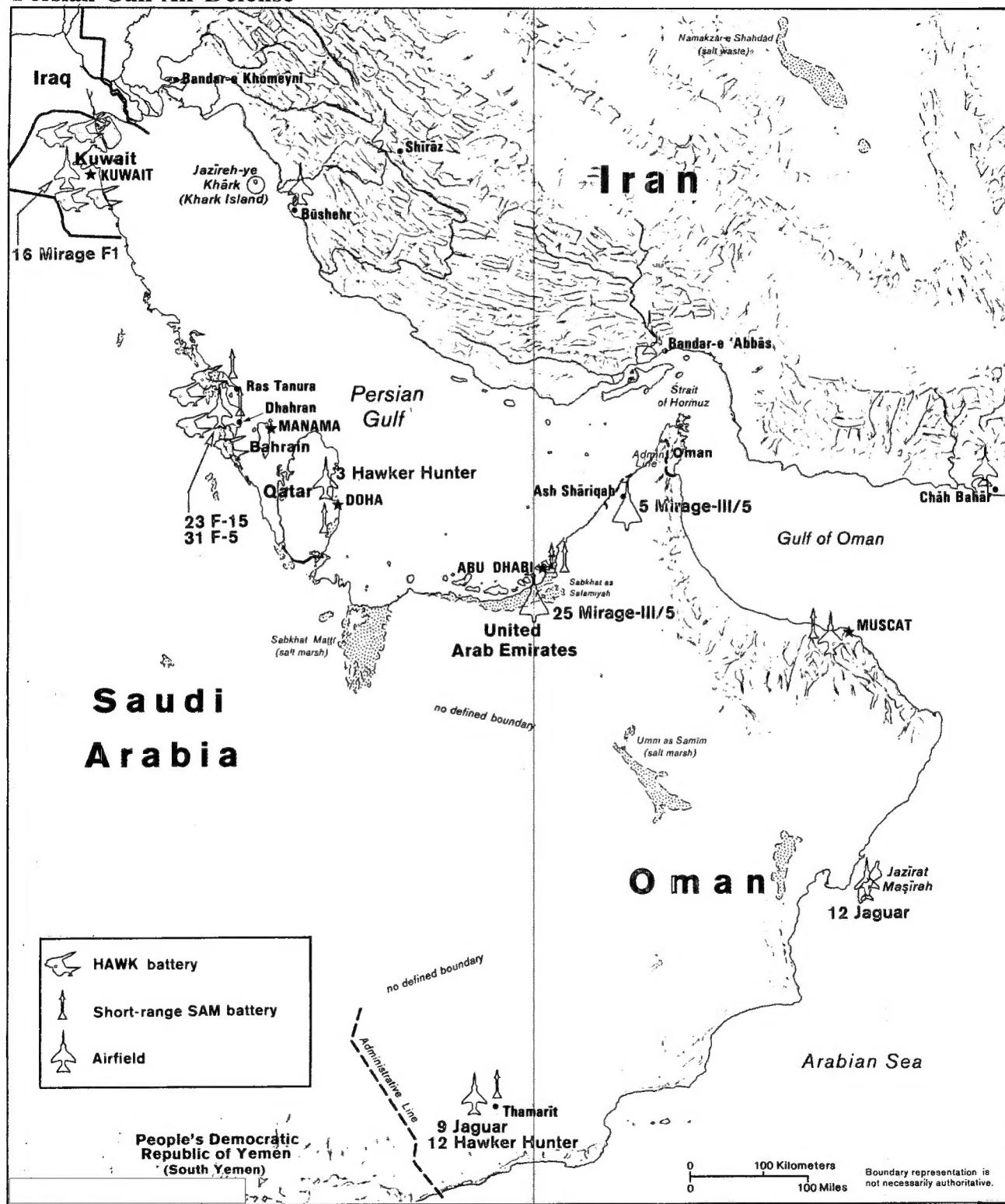
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Persian Gulf Air Defense

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The Saudis could sustain a high state of readiness for their SAM batteries and fighter aircraft for about a week. After that, fatigue of personnel and attrition of equipment would begin to decrease their effectiveness. [redacted]

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Kuwait has less capability than Saudi Arabia to defend against an Iranian airstrike. Moreover, it is an even more likely target than Saudi Arabia. Iran has attacked Kuwait before without provoking much international reaction. [redacted]

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In addition, Kuwait would have less warning of an attack than Saudi Arabia. It probably would not be able to scramble its fighters in time to intercept, even if they were on alert. [redacted]

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Even if the Kuwaitis were to have time to engage Iranian aircraft with their I-HAWKS, inadequate equipment maintenance as well as poorly trained and motivated personnel would seriously hamper the effort. The Iranians' airstrike on Kuwait in 1981 demonstrated that they can inflict major damage on Kuwaiti oil facilities with little interference from air defense forces. [redacted]

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Other States

Oman is more distant from Iranian airbases, and its air defenses would have more time to react to an approaching attack than would those of the other Persian Gulf states. The Omani Air Force, which is made up largely of British pilots, probably is the most capable in the region. [redacted]

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The United Arab Emirates does not have the command and control capability to respond effectively to a surprise attack. Qatar and Bahrain have virtually no air defenses, and they would have to rely on the Saudis or US warships in the area. [redacted]

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Lack of cooperation among the Gulf states hampers coordinated air defense efforts, although the Gulf Cooperation Council is trying to encourage such coordination. This winter Saudi Arabia and Kuwait held their first combined air exercises, as did Oman and the UAE. Nonetheless, the Gulf states have not yet established a combined command structure or channels for sharing targeting information that could shorten their reaction time in an emergency. [redacted]

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Implications for the US

Iranian air attacks probably would cause only a minor disruption in oil supplies, such as the loss of 2 million to 3 million barrels per day of Saudi and Kuwaiti exports for a few days or weeks. Losses such as these easily could be offset by commercial inventories, floating

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storage, and surplus productive capacity. Price increases on the spot market caused by a limited disruption probably would be temporary.

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A more substantial disruption, such as a drop in exports from Persian Gulf states of 5 million barrels per day over several months, would have a more serious impact on prices. Such a disruption could occur in the unlikely event that Iranian attacks caused severe damage to export facilities in both Saudi Arabia and Kuwait.

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An Iranian airstrike against one of the Gulf states would produce varying reactions, ranging from appeasement of Iran to requests for US military intervention, depending on the country and installations attacked and the number and intensity of the attacks. Each of the Gulf states—with the possible exception of Kuwait—probably would grant US forces access to their military installations following a major Iranian attack.

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The Saudis might first launch retaliatory airstrikes against Iranian installations along the Persian Gulf. During the last few months, the Saudi Air Force has been training for such a contingency.

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US civilian contract personnel provide essential equipment maintenance for HAWK missile sites in Kuwait and Saudi Arabia. In the event of hostilities, they would be likely to leave the sites.

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US forces in the area include five warships stationed in the Persian Gulf, US AWACS and advisers in Saudi Arabia, and a carrier battle group in the Arabian Sea. The warships can provide limited point air defense and can supplement the radar coverage provided by the AWACS.

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